

Message Text

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PAGE 01 STATE 261535

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DRAFTED BY NEA/BLC:AWESTWOOD/NEA/IRN:BMORTON:MP

APPROVED BY NEA :R. SOBER

NEA/BLC - M. DRAPER

AID - JOHN HEILMAN (SUBSTANCE)

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN

C O N F I D E N T I A L STATE 261535

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E.O. 11652: GDS

TAGS: PFOR, EGEN, US, IR

SUBJECT: US-IRAN JOINT COMMISSION: COUNTRY-FINANCED

TECHNICAL SERVICES AGREEMENT

REF: TEHRAN 9973

FOR MIKLOS FROM SOBER

1. WE APPRECIATE YOUR CONCERNS ABOUT AID INVOLVEMENT THROUGH COUNTRY-FINANCED TECHNICAL SERVICES AGREEMENT AND WE HAD PREVIOUSLY TAKEN THIS INTO ACCOUNT. WE ARE ARRANGING OUR APPROACH SO THAT AID'S ROLE WILL HAVE NO REAL VISIBILITY IN IRANIAN EYES, WHILE ALLOWING US TO TAKE ADVANTAGE OF ITS LEGISLATIVE AUTHORITY IN THIS AREA, PLUS ITS EXPERIENCE AND EXPERTISE IN ACQUIRING CONTRACTUAL PERSONNEL AND ORGANIZATIONS WHICH NO OTHER USG ORGAN CAN MATCH.

2. MOST USG DEPARTMENTS AND AGENCIES, HAVING DOMESTIC MANDATES, HAVE NO CLEAR AUTHORITY TO ENGAGE IN ACTIVITIES OVERSEAS ANTICIPATED IN IRAN. SUCH AUTHORITY DERIVES FROM
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PAGE 02 STATE 261535

SECTION 607 OF THE FOREIGN ASSISTANCE ACT, AND HAS BEEN

DELEGATED THROUGH THE SECRETARY TO THE AID ADMINISTRATOR.

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3. THE BLANKET REIMBURSABLE AGREEMENT WE HAVE IN MIND WOULD SET THE BASIC GROUND RULES, COVERING GENERAL OBJECTIVES, REIMBURSEMENT PROCEDURES, AND STATUS OF PERSONS. NO USG AGENCY WOULD BE MENTIONED IN AGREEMENT WHICH PROBABLY WOULD BE TITLED TECHNICAL COOPERATION AGREEMENT, OR TECHNICAL SERVICES AGREEMENT.

4. THE COMPLEX OF AID REVIEWS, APPROVALS AND STATUTORY REQUIREMENTS WHICH GOVERN ITS USE OF U.S. APPROPRIATED FUNDS FOR DEVELOPMENT PROJECTS WILL NOT REPEAT NOT APPLY TO TECHNICAL SERVICES SUPPLIED UNDER THIS AGREEMENT AND FINANCED BY IRAN.

5. AID'S ROLE IN THIS WOULD BE FIRST OF ALL TO PROVIDE A FOCAL POINT WITHIN THE USG TO ASSIST OTHER USG AGENCIES IN LOCATING FOR IRAN THE BEST POSSIBLE TECHNICAL EXPERTISE, WHETHER FROM THE USG OR PRIVATE SECTOR. SECONDLY, AID WOULD ARRANGE FOR NECESSARY DISBURSEMENTS FROM THE TRUST FUND IRAN WOULD DEPOSIT WITH TREASURER. DISBURSEMENTS WOULD TAKE PLACE UNDER CRITERIA AND RULES SET FORTH IN THE UMBRELLA AGREEMENT OR IN LATER GOI-USG EXCHANGES. THE TYPES OF SERVICES OR ADVISORS SOUGHT BY IRAN WOULD BE WORKED OUT IN COMMISSION/COMMITTEE UNDERSTANDINGS, IN EMBASSY-GOI NEGOTIATIONS, OR IN GOI AGENCY-USG AGENCY NEGOTIATIONS.

6. THE ALTERNATIVE WOULD BE FOR EACH AGENCY PROVIDING SERVICES TO WORK OUT ITS OWN FINANCIAL ARRANGEMENTS WITH THE GOI. THIS IN OUR VIEW WOULD BE MORE COMPLICATED AND RESULT IN SOME INSTANCES IN A POORER USG RESPONSE THAN INTENDED.

7. IT IS MY UNDERSTANDING THAT GOI'S MAIN CONCERN HAS BEEN NOT TO APPEAR AS RECIPIENT OF AID GRANTS, AS IN CASE OF ITS REFUSAL OF NARCOTICS PROGRAM ASSISTANCE GRANT SEVERAL YEARS AGO. GOI HAS NEVERTHELESS CONTINUED TO BE WILLING TO TAKE PART IN AID POPULATION PROGRAM ACTIVITIES

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PAGE 03 STATE 261535

AND IN AID-SPONSORED ECONOMIC ACTIVITIES AND ONLY DECIDED AGAINST INCREASING ITS PARTICIPATION IN AID HOUSING GUARANTY PROGRAM WHEN IT FOUND ACCOUNTING AND REPORTING REQUIREMENTS "VEXATIOUS AND CUMBERSOME."

MAIN ADMINISTRATIVE REQUIREMENT IN TECHNICAL SERVICES AREA WOULD BE FOR USG TO PROVIDE IRAN WITH ADEQUATE INFORMATION RE DISBURSEMENT OF IRANIAN FUNDS, POSSIBLE

AUDITING, ETC., WHICH WOULD LARGELY BE USG, NOT IRANIAN,
OPERATION. INGERSOLL

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